VZCZCXRO4034 OO RUEHFK RUEHKSO RUEHNH DE RUEHKO #1577/01 1910839 ZNY CCCCC ZZH O 100839Z JUL 09 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC IMMEDIATE 4483 INFO RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 0401 RUEHUL/AMEMBASSY SEOUL IMMEDIATE 6424 RUEHFK/AMCONSUL FUKUOKA IMMEDIATE 5178 RUEHNH/AMCONSUL NAHA IMMEDIATE 7506 RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 8984 RUEHKSO/AMCONSUL SAPPORO IMMEDIATE 5696 RUEAIIA/CIA WASHDC IMMEDIATE RUEHIN/AIT TAIPEI IMMEDIATE 7415 RHEFDIA/DIA WASHINGTON DC IMMEDIATE RUCPDOC/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE RHEHAAA/NSC WASHDC IMMEDIATE RUEATRS/TREASURY DEPT WASHDC IMMEDIATE RHMFISS/USFJ IMMEDIATE RHHMUNA/HQ USPACOM HONOLULU HI IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 001577

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TAGS: PGOV PREL JA

SUBJECT: ASO AND THE LDP: STRUGGLING FOR MOMENTUM BEFORE

THE GENERAL ELECTION

REF: TOKYO 1536

Classified By: A/DCM RON POST, REASONS 1.4 (b) and (d).

11. (C) Summary: After a series of poor ruling party showings in local elections, Prime Minister Aso and his Liberal Democratic Party (LDP) may face another loss in July 12th's Tokyo city assembly election. A loss in this contest-seen by many as a bellwether of the public's mood-may intensify efforts by some in the LDP to drop Aso, and will weaken further the LDP in the run-up to the general election. Speculation on when Aso will exercise his sole right to call the election is rampant, and it remains unclear when he will pull the trigger. Despite the ruling party's woes, however, the opposition Democratic Party of Japan (DPJ) has its own share of challenges, including a financial scandal involving its leader. End summary.

THE FINAL BAROMETER

12. (C) Polling shows that after four straight losses in local elections, the ruling LDP faces the prospect of another setback in July 12th's Tokyo Metropolitan Assembly (TMA) election, with the LDP possibly losing its status as the largest party in the assembly. The party has tried to recast the terms of victory to holding a combined majority with the New Komeito, the LDP's coalition partner, though senior party officials privately doubt whether even this can be accomplished. One bad sign for the LDP is that high voter turnout, which has proven disastrous in its string of previous losses, appears likely. Polls show that 80% of Tokyoites are interested in the election, while early voting is up 70% from the election four years ago. Although it is an election for Tokyo's governing body, the contest is significant because many in the media and larger public view it as the final barometer of the ruling party's fortunes before the national election.

A WEAKENED PRIME MINISTER

13. (C) Calls for PM Aso's ouster will no doubt strengthen in the event of an LDP loss in the TMA election. Former LDP Secretary General Hidenao Nakagawa expressed his view that

the LDP should hold a party presidential election ahead of the general election if it loses its majority in the TMA, calling on Aso to make "an honorable decision." In a July 10 issue of a national news magazine, former Chief Cabinet Secretary Yasuhisa Shiozaki wrote an article called "Prime Minister Aso, Immediately Hold an LDP Presidential Election." Candidates running for local office have distanced themselves from the PM by declining the traditional role of the ruling party leader to stump for their campaigns. According to media reports on July 10, Aso's own Chairman of Public Relations proposed not having the prime minister's face on the LDP manifesto's front cover, an idea to which Aso himself apparently agreed.

TIMING OF LOWER HOUSE ELECTION

¶4. (C) When Prime Minister Aso will actually call the Lower House election remains unclear. A number of critics and supporters of the PM have called on him to call the election immediately. On the other hand, the LDP's coalition partner, the New Komeito Party, has made it clear that it wants a few weeks after the TMA election to regroup and prepare for the national ballot (Komeito supporters who had set up temporary residence in Tokyo to vote in the TMA election need time to return to their permanent homes in the provinces and prepare to vote in the Lower House election). Observers have pointed out that the ruling coalition needs to enact key bills in the current Diet session, such as the North Korea cargo

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inspection legislation and the bill amending the Organ Transplant Law, in order to show the public that it is still productive and relevant. One mid-level DPJ politician speculated to Embassy Tokyo that Aso would let the current Diet session run out until the last possible day in late July, then call an extraordinary session that he could subsequently dissolve in order to assert leadership and display a willingness to engage in more work for the country. The extraordinary session could also provide time for the economy to improve.

THE OPPOSITION'S OWN PROBLEMS

15. (C) Furthermore, putting off the election could allow Aso and the LDP to benefit from a brewing scandal involving DPJ President Yukio Hatoyama. He has been linked to approximately US\$200,000 in illegal campaign contributions, including those registered to deceased individuals. Like his predecessor and supporter, Ichiro Ozawa, who stepped down in the face his own scandal allegations, Hatoyama has apologized and attempted to shift the blame to his secretary, but the scandal shows no signs of disappearing quietly.